

**COMMONWEALTH OF VIRGINIA
VIRGINIA PUBLIC SCHOOL AUTHORITY (VPSA)**

Board of Commissioners Meeting
Spring Board Meeting – March 26, 2009, 2:00 p.m.
Treasury Board Conference Room, Third Floor
James Monroe Building
101 North 14th Street, Richmond Virginia

Members Present: James M. Holland, Chairman
Manju S. Ganeriwala
David A. Von Moll
Kent C. Dickey, designee for Patricia Wright
Woodrow Mullins, Jr.
Kanchana Thamodaran

Members Absent: Brenda L. Skidmore
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Others Attending:	Matt Hughey	Sidley Austin LLP
	Jay Conrad	BB&T Capital Markets
	Matt Palumbo	BB&T Capital Markets
	Stephanie Hamlett	Office of the Attorney General
	Evie Whitley	Department of the Treasury
	Richard Davis	Department of the Treasury
	Connie Vaughan	Department of the Treasury
	Melissa Palmer	Department of the Treasury
	Sherwanda Cawthorn	Department of the Treasury

Call to Order and Public Comment

Mr. Holland called the meeting to order at 2:00 P.M. He stated the first order of business was to provide an opportunity for public comment. There were no public comments.

Approval of Minutes

Mr. Holland asked for a motion for approval of the minutes of the October 23, 2008 Board meeting. Mr. Mullins moved to adopt the minutes of the October 23, 2008 meeting as presented; Ms. Ganeriwala seconded, and the motion carried unanimously.

Election of Officers for Fiscal Year 2010

Mr. Holland moved the nomination and election of Mr. Mullins as Vice Chairman of the Virginia Public School Authority; Mr. Dickey seconded, and the motion carried unanimously.

Mr. Mullins moved the nomination and election of the following officers to the Virginia Public School Authority for the fiscal year 2010: the State Treasurer of Virginia as Secretary and Treasurer; the Treasury Public Finance Manager (#TRS027) as Assistant Secretary and Assistant Treasurer #1; and, the Director of Debt Management as Assistant Secretary and Assistant Treasurer #2; Ms. Thamodaran seconded, and the motion carried unanimously.

Amendment to the General Pooled Bond Policy

Mr. Davis stated that staff had reviewed the fee charged to localities to participate in pool bond financings. The fee is assessed as a basis point surcharge on the local school bonds, historically 10 basis points or one-tenth of one percent, over and above the interest rate payable on the Authority's Bonds. He said that, over time, the pool issuances have become much larger than at the time of the adoption of the Authority's 1997 Resolution. Therefore, the amount of local school bonds purchased by the Authority and subject to the fee are generating more income for the VPSA General Fund than originally anticipated. Mr. Davis stated that BB&T Capital Markets, the Authority's Financial Advisor, had analyzed the impact of reducing the fee from 10 basis points to 5 basis points and determined that the reduction would allow the program to continue to generate sufficient income for administrative expenses, while making the Authority's pooled bond program even more attractive to participants.

Mr. Davis stated that the substantive change to the policy would give the Board the discretion to change the basis point fee charged, not to exceed 10 basis points. Mr. Mullins moved the adoption of the revised General Pooled Bond Policy of the Authority as presented at this meeting (Attachment A); Ms. Ganeriwala seconded, and the motion carried unanimously.

Mr. Von Moll arrived at 2:10 P.M.

Basis Point Fee Assessment for the General Pooled Bond Program

Ms. Ganeriwala stated that, in order to enable localities to properly plan their yearly financing needs, she suggested that the Board adopt the basis point fee on a biennium basis so there would be certainty regarding fees charged to participate in the pool financings.

Ms. Ganeriwala moved that the Board assess local participants a 5 basis point (0.05%) charge for Authority bond issues through the biennium ending June 30, 2012; Ms. Thamodaran seconded, and the motion carried unanimously.

Issuance of VPSA School Financing Bonds (1997 Resolution) Series 2009 Spring Bonds

Mr. Davis stated that, because of continued uncertainty regarding market conditions, staff desired to have flexibility to sell the Authority's Spring Pool Bonds by either negotiated or competitive sale. Mr. Conrad from BB&T Capital Markets, the Authority's Financial Advisor, noted that current market conditions are still uncertain and, due to the large size of the financing, underwriters may be apprehensive to competitively bid on the issue.

Ms. Palmer reviewed the preliminary financing summary and presented the list of applications for the proposed issuance of approximately \$242,300,000 School Financing Bonds (1997 Resolution), Series 2009 B.

Ms. Ganeriwala moved that the Authority approve the list of applications for the participants in the VPSA 2009 Spring Bond sale as presented by staff, subject to the submission of all items necessary to complete their respective VPSA pooled bond applications; Ms. Thamodaran seconded and the motion carried unanimously.

Mr. Hughey from Sidley Austin LLP, Bond Counsel, presented the Series Resolution No. 09-01 authorizing the issuance of the Authority's Spring Pool Bonds, and subject to the satisfaction of certain objective criteria, Refunding Bonds of the Authority (Attachment B) for Board consideration. Mr. Mullins moved the adoption of Resolution No. 09-01, a Series Resolution authorizing the issuance of the VPSA 2009 Spring Bonds; Mr. Von Moll seconded, and the motion carried unanimously as shown below:

YEAS: James M. Holland, Chairman
 Woodrow Mullins, Jr., Vice Chairman
 Manju S. Ganeriwala
 David A. Von Moll
 Kent C. Dickey, designee for Patricia Wright
 Kanchana Thamodaran

NAYS: None

Issuance of VPSA School Educational Technology Notes Series IX

Ms. Vaughan reviewed the preliminary financing summary for the School Educational Technology Notes Series IX in the projected amount of \$59,270,000.

Mr. Hughey provided an overview of the Educational Technology Note Resolution No. 09-02 authorizing the issuance of the Series IX Notes (Attachment C). Ms. Ganeriwala moved the adoption of Resolution No. 09-02, a Resolution authorizing and securing VPSA School Educational Technology Notes Series IX; Mr. Mullins seconded, and the motion carried unanimously as shown below:

YEAS: James M. Holland, Chairman
Woodrow Mullins, Jr., Vice Chairman
Manju S. Ganeriwala
David A. Von Moll
Kent C. Dickey, designee for Patricia Wright
Kanchana Thamodaran

NAYS: None

Other Business

Reimbursement to the Department of Treasury

Mr. Holland stated the Board's approval was being requested to reimburse the Department of the Treasury for expenses incurred to provide staff to the Authority. Mr. Mullins moved to approve a transfer in the amount of up to \$146,842 to reimburse the budget of the Department of Treasury for administrative costs associated with personnel required to assist in meeting the needs of the Authority; Mr. Von Moll seconded and the motion carried unanimously.

Results of Sale and Final Financing Summary

Fall 2008 B Pooled Bond Sale - Ms. Palmer reviewed the Final Financing Summary for the \$118,930,000 School Financing Bonds (1997 Resolution) Series 2008 B and stated the true interest cost was 4.751559%.

2008 Stand-Alone Bond Sale – Fluvanna County – Ms. Vaughan reviewed the Final Financing Summary for the \$67,525,000 Special Obligation School Financing Bonds Fluvanna County Series 2008. She stated the true interest cost for the issuance was 5.8020112%. Mr. Davis reviewed the differences between pool and stand alone transactions and noted that the difference between the results of the sales were largely based on the fact that the Fluvanna Bonds were priced based on the County's credit rating, rather than the Authority's.

Final Financing Summary Series 2009 A Refunding – Mr. Davis reviewed the Final Financing Summary for the \$114,180,000 School Financing Bonds (1997 Resolution) Refunding Series 2009 A. He stated the all-in true interest cost was 2.643790%. Mr. Davis explained that, by refunding certain maturities of previously issued Authority Bonds, the Authority will be able to pass through savings to the localities that participated in those financings of approximately \$4.1 million. He also noted that since a portion of the previously issued Authority Bonds contained bonds that were issued through the Authority's subsidy program, the refunding will also provide savings to the Literary Fund of approximately \$2.86 million.

Topics for a Future Meeting

Mr. Davis stated that staff was exploring various initiatives that may be advantageous to the Authority's customers and that staff would bring suggestions to the Board as reviews dictated. He directed the Board's attention to a draft mission statement and asked that the Board consider its content in light of innovative ideas that staff would like to pursue. Mr. Davis stated that one initiative staff was reviewing was the development of a VPSA School Construction Revolving Fund Program to assist Virginia localities requiring interim financing for school projects and to supplement the Authority's existing programs. Discussion ensued and staff was encouraged by the Board to move forward with exploring the advantages of the initiative.

Mr. Davis reviewed a summary prepared by the Board's financial advisor regarding the American Recovery and Reinvestment Tax Act of 2009 and its impact on tax-exempt bonds. He stated that an in-depth analysis needed to be done on the details of the Act, but noted that there may be some provisions that would be of assistance to certain local issuers participating in the Authority's pool financings. Ms. Whitley highlighted an item of particular interest, the revision to and expansion of the "bank qualified" provisions, and noted that Treasury was monitoring the municipal market to review how other entities might take advantage of this expansion.

Discuss next meeting date and Adjourn

Mr. Holland stated that, due to the initiatives that staff would be exploring and the added attention they would require, it was anticipated that a Board meeting would be scheduled sometime during the summer. At 3:07 P.M., there being no further business to be brought before the Board, Ms. Ganeriwala moved that the Authority adjourn; Ms. Thamodaran seconded and the motion carried unanimously.

Respectfully submitted,

Richard A. Davis
Assistant Secretary